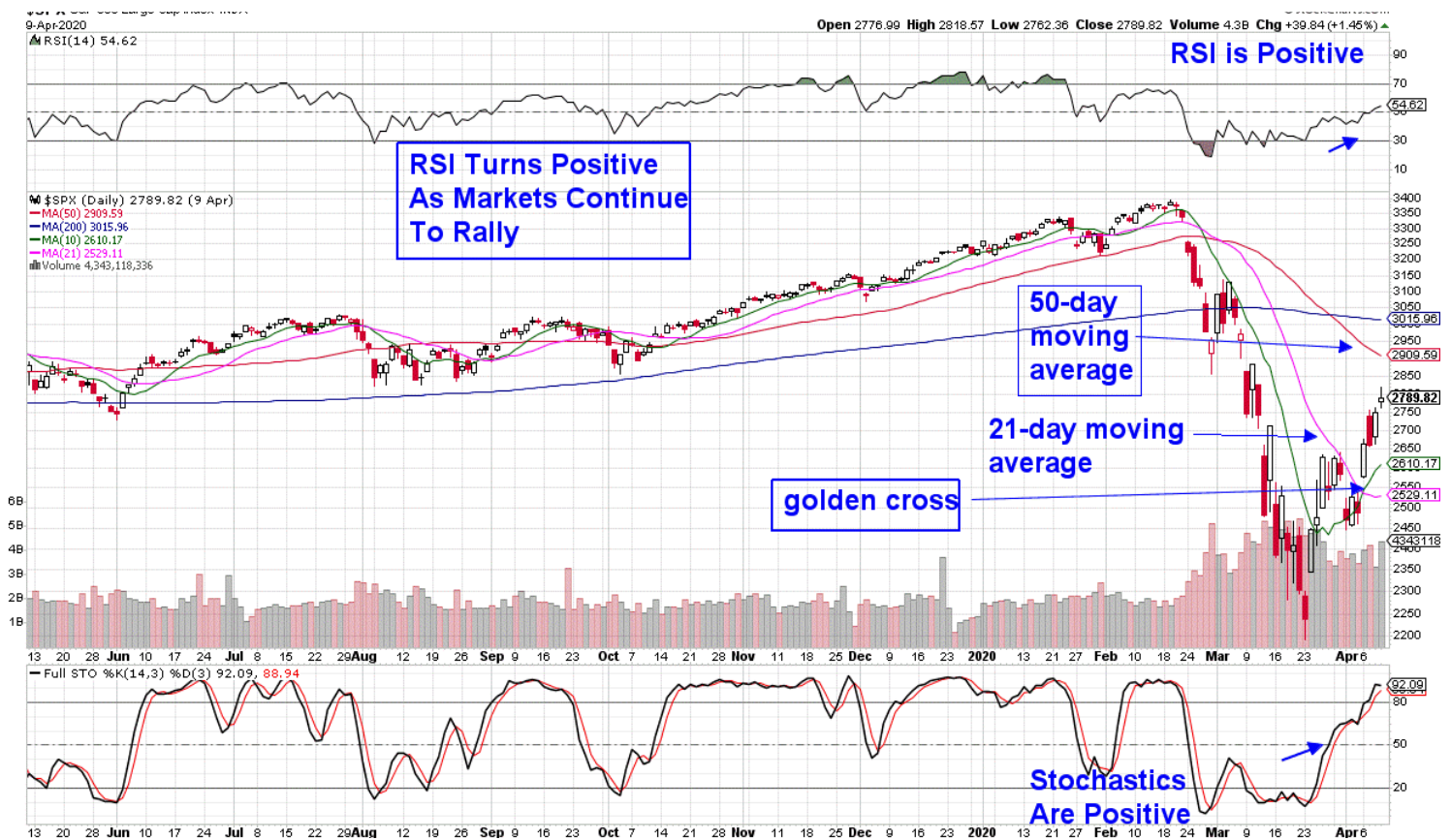




### THIS WEEK'S HIGHLIGHTS

- New Cases of Coronavirus Show Signs Of Slowing
- Federal Reserve Provides \$2.3 Trillion Stimulus Package
- Job Loss Numbers Since March Equal 10% Of Workforce
- March Retail Sales, Industrial Production and Housing Starts Report Next Week
- First Quarter Earnings Season Begins Next Week

## DAILY CHART OF S&P 500 INDEX



The S&P 500 gained 12.1% for the week in a move that pushed the RSI into positive territory on its daily chart while the Stochastics - which gave an earlier late-March bullish signal - was pushed into a near-term overbought position. With the near-term uptrend for the markets in place, the next area of possible upside resistance is 4.1% away at this Index's 50-day moving average.

As noted in our report last week, both the S&P 500 and the Nasdaq have had a follow-through day\* which historically signals a downtrend reversal in the markets. This proven system signals a market uptrend when a major Index rallies

on higher volume from the 4th day after a bottom is marked. It occurred on April 2nd for the S&P 500 and April 6th for the Nasdaq Composite.

While the signals point to a near-term uptrend, we are not seeing a large number of leadership stocks emerging from sound bases that would provide us with the confidence to take full, long-term positions in stocks at this time. Instead, we would take advantage of the move in stocks above their shorter-term moving averages with an eye toward possible upside resistance at their longer-term moving averages.

Once these stocks - and more importantly the broader markets - break above their 50 and 200-day moving averages, confidence in their ability to advance for a much longer period will emerge.

Last week's significant gains came on the heels of optimistic news regarding a slowdown of new coronavirus cases in hot spots such as New York City and Italy. Not all the news last week was positive however as unemployment claims on Thursday were higher than expected while economic reports showed an unprecedented drop in Consumer Sentiment.

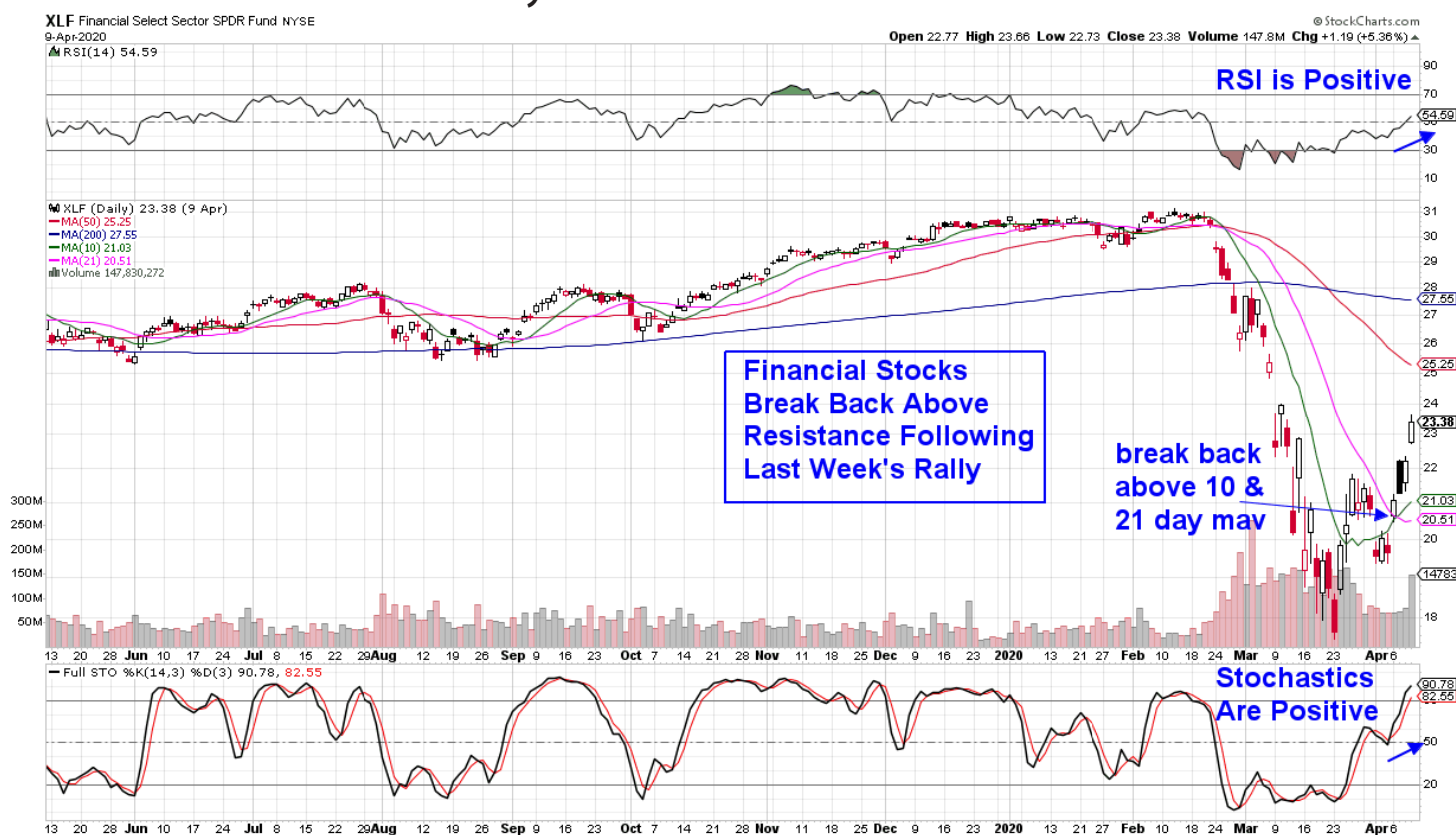
The good news is, the Federal Reserve came through with a \$2.1 trillion-dollar stimulus package to provide loans to smaller businesses and municipalities while the White House is considering an additional \$1 Trillion in support to

the economy.

The unprecedented loan program being fostered by the Federal Reserve helped provide a sense of relief and stability to the markets at a time when the flow of credit was drying up for many businesses. In addition, the Fed still has more ammunition should conditions worsen in the face of a more prolonged lockdown.

Some of the markets most beaten down areas saw the sharpest rallies last week as Consumer Related and Financial stocks that had fallen far more than the broader markets saw heavy buying. And while the sweeping optimism may well carry into next week, we are on alert for the beginning of earnings season which may well set a different tone.

## Daily Chart of Financial Sector



### Financial Stocks Outpace Broader Markets

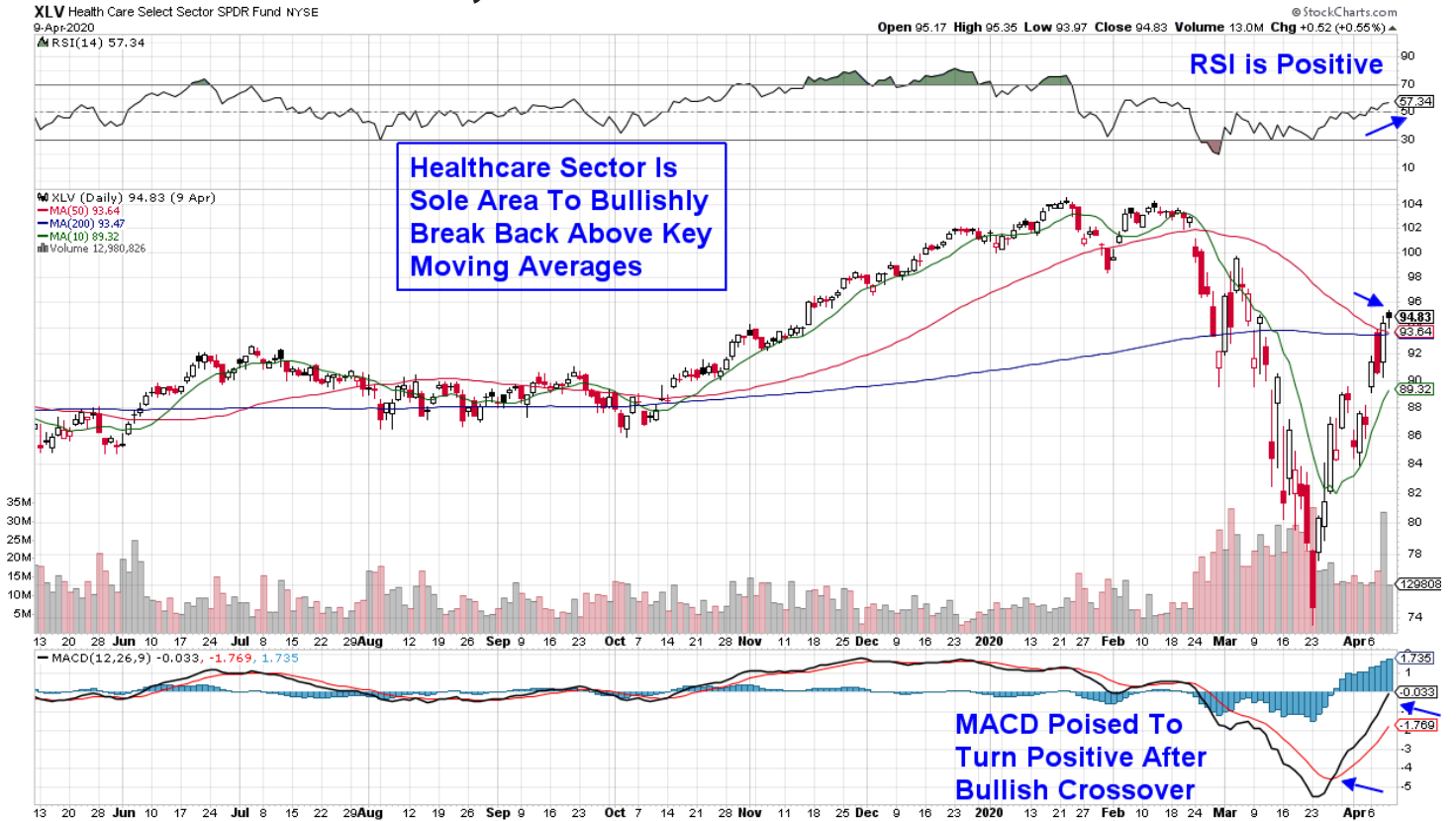
During the market's decent into bear market territory, the Financial sector got hit the hardest (excluding Energy) as fear of loan defaults in the face of a shuttered economy had analysts slashing earnings estimates of Banks by over 50%. A swift drop of interest rates to 0% also damaged the outlook for these lending institutions.

A closer look suggests the sharp selloff was overdone as stringent stress tests enforced since the 2008 banking collapse has provided capitalization that's made them stronger. In addition, last week's Fed stimulus package will provide 4-year loans to smaller companies that banks are due to administer.

The near-term outlook for Banks will be determined next week as several heavyweights are due to report their 1st quarter earnings. J P Morgan (JPM), Goldman Sachs (GS) and P N C Financial (PNC) are on our Watch List and will be added depending on their results.

In addition, we're adding Payment Processor Paypal (PYPL) to our Suggested Holdings List. The company was approved late Friday to provide access to government loans as part of the recently approved \$350 trillion package. PYPL is forming the right side of a base and can be bought on any break above its 50-day mav.

# Daily Chart of Healthcare Sector



## Healthcare Stocks Emerging As Leaders Despite Sector Underperformance

While the Healthcare sector had returns that were lower than the broader markets, the sector rallied a strong 8.3% for the week led by gains in beaten down Healthcare Provider stocks that rallied on news that Bernie Sanders was exiting the Presidential race. Stocks in this and other areas of healthcare may well do better as the political uncertainty surrounding health policies has been reduced.

Of those Healthcare stocks on our List, Insulet (**PODD**) is the most attractive after a Friday rally pushed the stock back above its 50-day moving average as it forms the right side of a base. **PODD** is now poised to trade back up to its prior high while emerging from an oversold position on its weekly chart.

The setup in **PODD** is similar to West Pharmaceutical (**WST**) last week which we highlighted as being in a buy zone after its bullish break above its 50 day mav. **WST** remains in a buy zone as it advances toward a base breakout. Regeneron Pharmaceuticals (**REGN**) remains in confirmed uptrend and can be bought. In addition to being weeks away from confirming whether their rheumatoid arthritis drug is effective in helping severe coronavirus cases, **REGN** announced a partnership in China for development of their lymphoma drug.

Eli Lilly (**LLY**) from our List is poised to break out of a 2-month base and can be bought. The company was approved last week to begin clinical trials of their rheumatoid arthritis

drug as a coronavirus treatment.

Vertex (**VRTX**) pulled back from a 6-week base breakout and remains in a buy zone as analysts raise earnings estimates ahead of their earnings later this month.

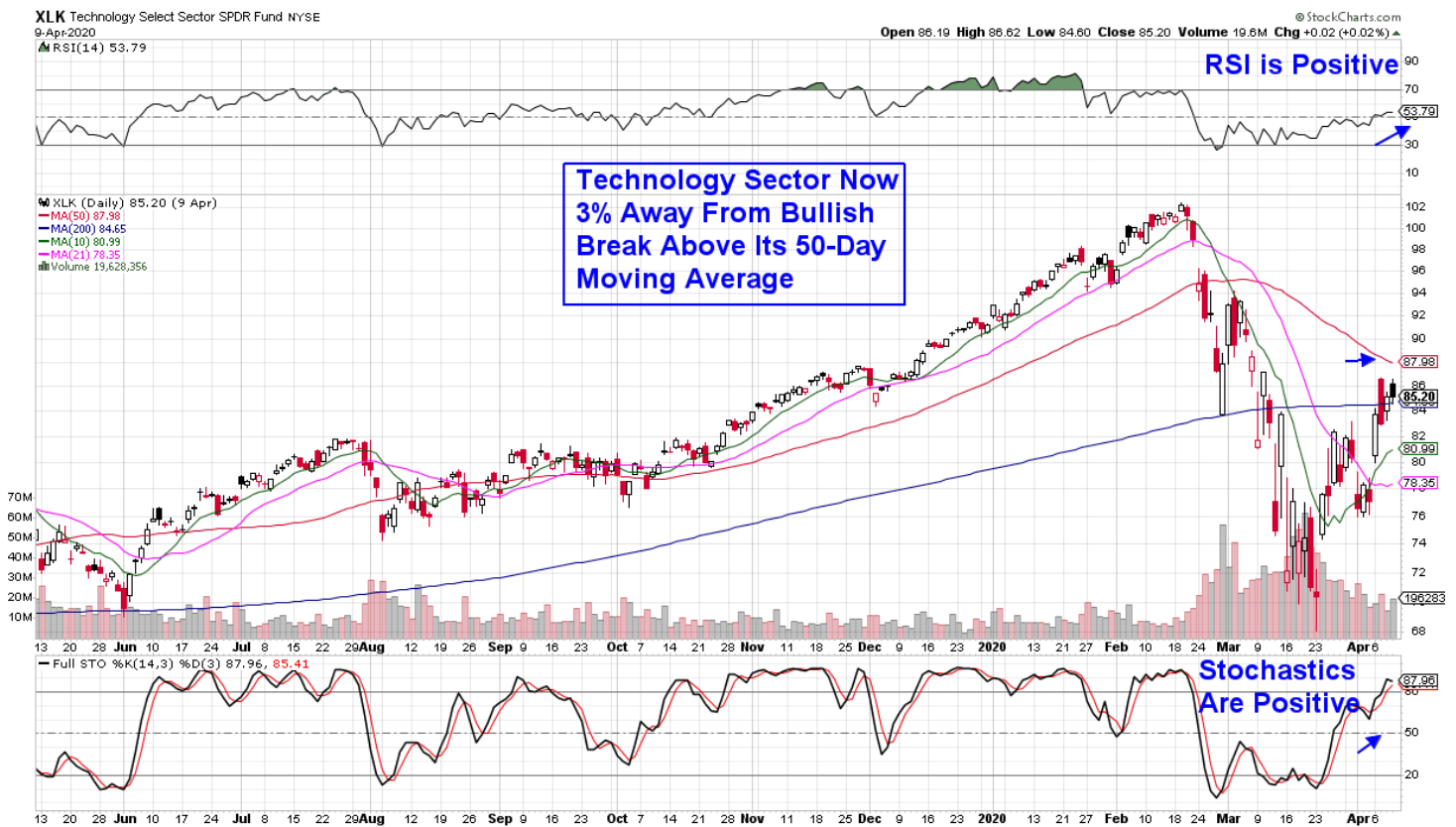
Gilead (**GILD**) from our List is also on track to help with the fight against coronavirus as their anti-viral drug remdesivir has shown promising trial results. Broader results from China and elsewhere are due out in coming weeks which will provide better insights into the drug's efficacy. While the stock has been finding upward support recently, its volatility has us neutral on our outlook.

Biotech ETF **IBB** (**IBB**) from our List is in a bullish position following last week's break above its 50-day moving average. By some accounts, up to 78 medical companies are racing to find a way to test, prevent or treat COVID-19. Many of them are Biotech firms such as the heavyweights we mentioned above. We have **IBB** as a strong buy in the face of unprecedented swift approval rates in the face of this global pandemic.

Lastly, we're adding Amedisys (**AMED**) to our Suggested Holdings List. Analysts raised earnings estimates for this home healthcare provider following Sander's end to his presidential bid. The stock is poised to break out of a 10-week base as uncertainty regarding possible changes to the U.S. Healthcare system were removed.



# Daily Chart of Technology Sector



## Technology Stocks Underperform With Bright Spots

Despite underperforming the broader markets, Technology stocks posted a strong 8.8% gain in a move that puts this sector close to a bullish breakout similar to that which the Healthcare sector just posted.

Both the Healthcare and Technology sectors are in the forefront of responding to an historical shift that's taking place in the face of COVID-19 whose impact is expected to last into the future.

Within Tech, Semiconductor (SOXX) and Software (IGV) stocks rallied the most with strong 11% gains. Both SOXX and IGV rallied right up to their 50 day moving averages which is the last area of possible upside resistance before turning bullish longer term.

Many of the underlying stocks within these 2 groups are in a similar position of trading below resistance with the exception of select stocks such Microsoft (MSFT) from our List which pushed above its 50-day mav and into a strong buy zone.

Software stock Shopify (SHOP) posted a strong 18% advance amid renewed economic confidence ahead of stimulus checks. SHOP is a hair away from a bullish break above its 50-day mav. And RingCentral (RNG) continues to struggle as it digests its 35% advance late last month.

Recently added Akami (AKAM) was flat for the week as the stock continues to dance with a possible base breakout. A break above \$98.2 would be bullish.

We're adding 2 more Software stocks to our Suggested Holdings List as they have bullish prospects as well as attractive charts.

The near-term outlook for Semiconductor stocks got a boost last week after Taiwan Semiconductor (TSM) and Intel (INTC) both reported a surge in chip sales in March. The announcement came during Friday's holiday session and we'll gauge investor response tomorrow.

In the meantime, chip stock Inphi (IPHI) pulled back from a 5-week base breakout which would have put the stock at new highs. The stock is showing superior outperformance as the company is benefitting from growth in video streaming and cloud-based data sharing. A base breakout on volume would be very bullish.

Nvidia (NVDA) is also in a buy zone as the provider of chips to growing data centers has bullishly broken back above its 50 day moving average on its way to a 6-week base breakout. ASML Holding NV (ASML) is also due to report earnings next week.

Heavyweight stock Apple (**AAPL**) posted a strong 11% gain for the week as the stock continues to reverse its downtrend. The move came despite reports of a 58% drop in iPhone sales in March. The rally implies that the bad news

may already be built into its prior sharp decline. We'd be a cautious buyer as the stock approaches its 50 day moving average.

### Consumer Related Stocks

Defensive Consumer Staples took a back seat to stocks that rallied on renewed optimism spurred by fewer coronavirus cases and a capital injection from the Fed.

Recently added Campbell Soup (**CPB**) bullishly broke back above its 50 day moving average as analysts continue to raise estimates while J M Smucker (**SJM**) remains in an uptrend. Both stocks can be bought as their 3% yield and defensive nature make them ideal candidates as a buffer to any market selloff.

Among Discretionary stocks, heavyweight stock Amazon (**AMZN**) bullishly broke back above all possible resistance as the stock heads toward its prior high in price. The stock is seeing surging sales from the current lockdown while their cloud-based web services division is also seeing increased demand. AMZN is a strong buy.

**SUMMARY:** The near-term uptrend in the markets remains in place as positive coronavirus counts and stimulus efforts are buoying investor sentiment. That said, uncertainties surrounding the lasting impact of the coronavirus have us maintaining a cautious outlook for the longer term.

While this uptrend remains in place, the question remains: "How much of the bad news was priced into the March 23rd lows in the markets"?

The weeks ahead will provide at least a partial answer to this question as earnings season will begin with several large Bank stocks due to report their 1st quarter results. Given that estimates were slashed last month, we may well see results above estimates for banks that may buoy the markets however, the landscape shifts as we move into other industries.

The good news is, companies that have already reported a

sharp reduction in Q1 sales such as Starbux (**SBUX**), Nike (**NKE**) and American Express (**AXP**) to name a few, have been able to rally with the markets despite their lowered outlook. In fact, SBUX and NKE are poised to turn bullish near term.

Other important considerations for the market's outlook include the historically generous fiscal policy measures that have recently been put into effect. by the government that are a deliberate effort to smooth recovery efforts of a shut-down economy. Fiscal policy often has an overriding effect on the markets and the recent action has been positive.

We would continue to keep long position buying at partial positions while taking advantage of the shorter-term opportunities this current uptrend is providing.

# BUY: VEEVA SYSTEMS INC.

SYMBOL	COMPANY	PRICE	MARKET CAP	INDUSTRY
VEEV	Veeva Systems Inc.	\$162.11	24.20 Billion	Computer Software - Medical

## Daily Chart of Veeva Systems Inc. (VEEV)



**Veeva Systems Inc. (VEEV)** provides cloud-based software globally for the life sciences industry and are an integral part in supporting companies as they navigate the rigorous clinical trial data processing required prior to new drug or product approvals.

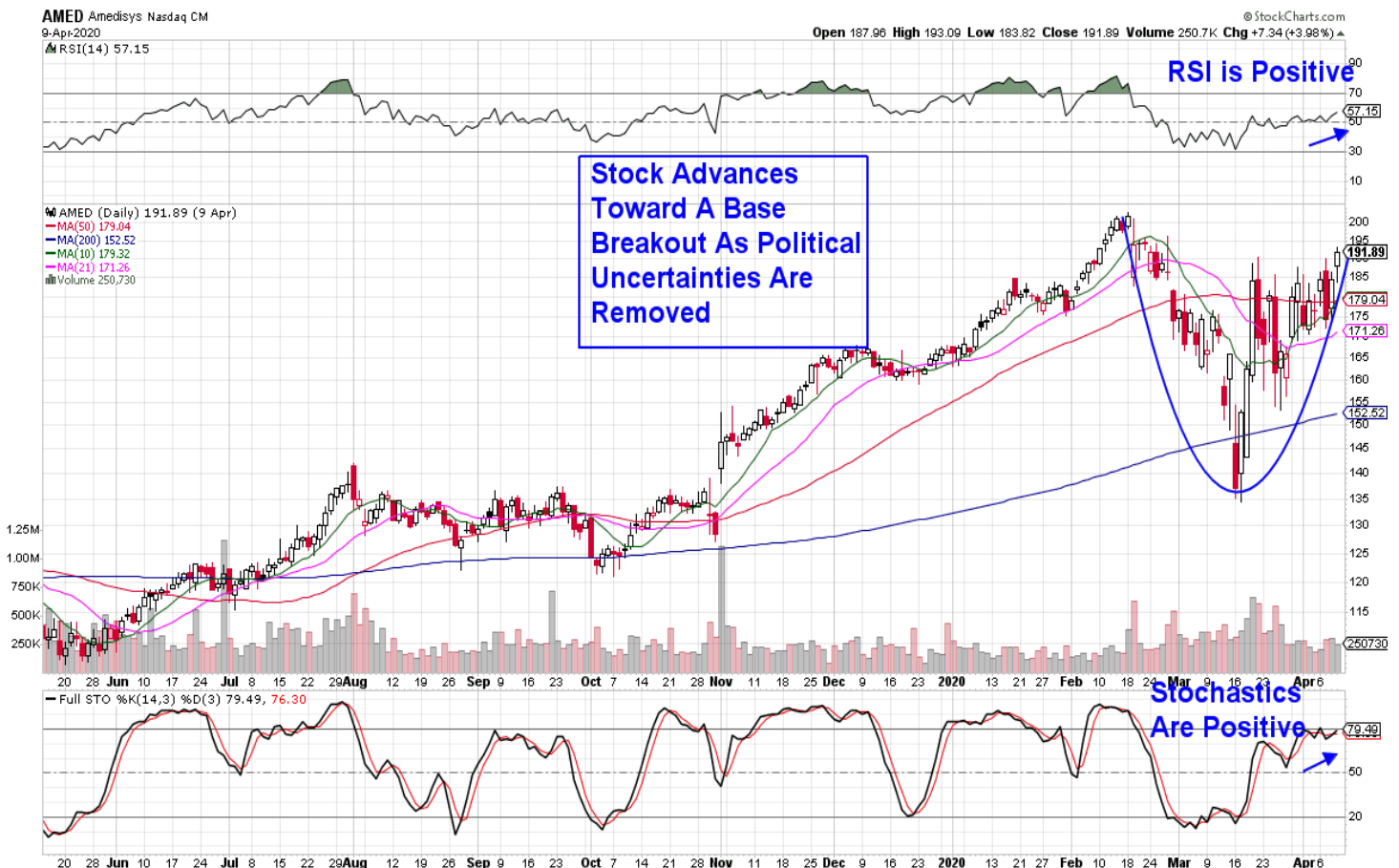
The company reported strong 4th quarter revenues of 34% last month but only recently begun to rally as increased activity in the life sciences and pharmaceutical industry has boosted sales. In addition, the company is transferring their expertise into

other areas of the economy such as cosmetics and packaging which have remained vibrant. VEEV is poised to bullishly break out of a 2-month base.

# BUY: AMEDISYS INC.

SYMBOL	COMPANY	PRICE	MARKET CAP	INDUSTRY
AMED	Amedisys Inc.	\$191.89	6.20 Billion	Medical - Outpatient Care

## Daily Chart of Amedisys Inc. (AMED)



**Amedisys, Inc. (AMED)**, together with its subsidiaries, provides healthcare services in the United States. It operates through three segments: Home Health, Hospice, and Personal Care. The Home Health segment offers a services for recovery of

patients from surgery, chronic disability, or terminal illness while the Hospice segment offers services that is designed to provide comfort and support for those who are dealing with a terminal illness. The stock was upgraded to a buy last

week following the removal of political uncertainty surrounding payments of services after Sanders exited the Presidential race.

## MEM Edge Report Suggested Holdings

*Stocks With Emerging Leadership Characteristics*

**\$ = Earnings Due**

**Buy Zone**

**Strong Buy**

**Buy on Pullback**

**Removed From List**

SYMB	COMPANY	PRICE	MKT CAP	DATE ADDED	PERFORMANCE	INDUSTRY GROUP
<b>CONSUMER DISCRETIONARY</b>						
AMZN	Amazon.com Inc.	2,042.76	1.02 T	12/29/2019	9.00%	Retail - Internet
<b>CONSUMER STAPLES</b>						
SJM	J.M. Smucker Co.	112.79	12.86 B	04/05/2020	0.50%	Food - Packaged
CPB	Campbell Soup Co.	49.75	14.41 B	04/05/2020	-3.50%	Food - Packaged
<b>HEALTHCARE</b>						
GILD	Gilead Sciences Inc.	73.51	92.55 B	03/18/2020	-7.50%	Biotechnology
IBB	Biotechnology Index	113.97	7.03 B	03/04/2020	-6.50%	Biotechnology
LLY	Eli Lilly and Co.	145.73	139.47 B	03/04/2020	4.00%	Pharmaceuticals
PODD	Insulet Corporation	182.94	11.50 B	1/12/2020	0.00%	Medical Products
REGN	Regeneron Pharmaceuticals	512.96	56.44 B	3/29/2020	8.50%	Biotechnology
VRTX	Vertex Pharmaceuticals	246.61	63.94 B	03/04/2020	0.50%	Biotechnology
WST	West Pharmaceutical Services, Inc.	162.93	12.03 B	03/26/2020	12.00%	Medical Supplies
<b>TECHNOLOGY</b>						
AAPL	Apple Inc.	267.99	1.17 T	04/06/2020	2.00%	Phones & Hardware
AKAM	Akamai Technologies	96.39	15.44 B	04/05/2020	0.00%	Computer Software-Enterprise
ASML \$	ASML Holding NV	276.81	118.82 B	04/08/2020	-0.50%	Semiconductors
IPHI	Inphi Corporation	87.00	4.01 B	04/06/2020	-0.50%	Semiconductors
MSFT	Microsoft Corp.	165.14	1.26 T	06/16/2019	24.50%	Software - Desktop
NVDA	NVIDIA Corporation	262.95	160.93 B	12/18/2019	14.50%	Semiconductor - Graphics
RNG	RingCentral Inc.	205.14	17.87 B	01/06/2020	16.00%	Software - Cloud Based
SHOP	Shopify Inc.	417.74	48.77 B	12/01/2019	24.00%	Computer Software-Enterprise

*Continued on next page*



### **Glossary of Terms Used From Our Suggested Holdings List**

**Buy Zone** – This means the stock is in a confirmed uptrend and is finding support at its upward-trending key moving averages and can be bought. If you own the stock, stay with it.

**Strong Buy** – This means we have slightly more conviction in the ability of this stock to outperform the markets over the next week. The stock may be poised to break out of a base, it may be in a strong industry group or there may be recent good news. In other words, the stock has some edge that should help propel the stock higher.

**Buy on Pullback** – In this case, the stock is a bit over-bought (or extended) and may need to come in a little before buying. This is usually following a particularly strong week where the stock was up a lot. We would look for a pullback to the stock's upward-trending 10-day moving average as an optimal entry point.

**Not Highlighted** – These are stocks that remain positive and can be held if you own them. However, they currently do not appear poised to have an upward move. The stock may be consolidating after a large advance or be in an industry group that is not in favor. The longer-term uptrend remains in place however.

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